

FREDERICK P. KESSLER
FACT-FINDER

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PUBLIC EMPLOYMENT
RELATIONS BOARD
Received via fax 4/28/03

In the matter of the Fact-Finding between

HUMBOLDT COUNTY, IOWA

Public Employer

and

FACT-FINDING DECISION

AFSCME LOCAL 1796

Employee Organization

A. INTRODUCTION

On March 4, 2003, this Arbitrator was advised that he had been selected as Fact-Finder to hear the impasse between Local 1796 of the American Federation of State, County and Municipal Employees (hereinafter referred to as "the Union") and Humboldt County, Iowa (hereinafter referred to as "the County") pursuant to the provisions of the Iowa Public Employment Relations Act, Chapter 20, Iowa Code. A hearing was scheduled for 9:00 a.m., April 12, 2003, at the Courthouse in Dakota City.

The hearing began at 9:00 a.m. and adjourned at 11:15 a.m. Exhibits were submitted and opening and closing statements were made. The County also filed a written objection to the Union's submission of certain proposals to the Fact-Finder.

B. APPEARANCES

The Union appeared by Danny J. Homan, Staff Representative for the Union. Also present were the members of the Local 1796 bargaining team and the President of Local 1796.

The County appeared by Attorney James R. Swanger, of Belin, Lamson, McCormick, Zumbach, Flynn. Also present County Engineer Paul Jacobson, County Supervisor Romaine Lee and Kay Kellmorgan, Chair of the County Board of Supervisors.

C. BACKGROUND AND DETERMINATION OF COMPARABLE COUNTIES

Humboldt County is located in rural west-central Iowa. It has a population of 10,292. It is adjacent to Hancock, Kossuth, Palo Alto, Pocahontas, Webster and Wright Counties. Except for Webster County, the remaining counties are nearly identical in size to Humboldt County. The population of the six counties is as follows:

<u>County</u>	<u>Population</u>
Hancock	12,037
Kossuth	17,630
Palo Alto	9,917
Pocahontas	8,774
Webster	38,832
Wright	13,692

Webster County has a substantially greater population than Humboldt County of any of the five other counties. However, all the counties including Humboldt serve the same employment market area. The County suggested that the Fact-finder consider a group of counties with similar road miles to select the comparable counties. There is no evidence that these counties would be competing for the services of the same employees. They could include urban counties with a larger, more affluent or otherwise dissimilar population bases.

Adjacent counties are a better comparison group because they are smaller counties, with substantially similar populations. The presence of the City of Fort Dodge in Webster County, although that is the largest city in the seven county comparison group, does not significantly change the relevance of this group for comparison purposes. The number of miles of roads in a given county may be relevant for the amount of work done on roads. However, it sheds no light on the nature of the labor pool available to do the work.

The Secondary Roads Department in Humboldt County employs twenty-two people in the classified service. Eighteen employees are classified as Maintenance Workers and four are classified as Area Foremen. Kossuth County and Webster County each employ thirty-nine persons in their Secondary Roads Departments. Palo Alto County's department has thirty-five workers, while Hancock County and Wright County each employ thirty-two workers in Secondary Roads. Pocahontas County has twenty-three employees in its department. These employment numbers compares with the twenty-five employees on the master payroll list in the Secondary Roads Department for Humboldt County.

D. STATUTORY CRITERIA

Iowa statutes do not provide any specific criteria that Fact-finders must consider in making their recommendations. It is generally agreed that the legislature intended Fact-finders to use the same factors that are used in interest arbitration. Those factors are as follows:

- a. Past collective contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees doing comparable work, giving consideration to factors peculiar to the area and the classification involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

E. IMPASSE ITEMS

There are three major items of disagreement for which fact-finding has been sought. These are: the wage increase proposals, allocation of the cost of the health insurance premium between the County and its employees, and whether the position of Area Foreman should continue to be a bargaining unit position.

Wages

The July 1, 2002 wage rate for both the Maintenance classifications and the position similar to the Area Foreman under the 2001-03 Labor Agreement for Humboldt County and the six comparable counties was as follows:

<u>County</u>	<u>Maintenance</u>	<u>Area Foreman</u>
Hancock County	\$14.08	\$15.29
Kossuth County	13.51	
Palo Alto County	14.28	14.88
Pocahontas County	13.73	
Webster County	16.05	
<u>Wright County</u>	<u>14.00</u>	<u>14.10</u>
Average	14.27	14.76
Humboldt County	13.71	14.47

In Humboldt County the Union offer provides for a 3% wage increase on July 1, 2003 (\$.41 per hour) and a 5% wage increase on July 1, 2004 (\$.59 per hour). The County offer provides for a 2.4% wage increase (\$.33 per hour) for the two-year period. A comparison of the offer of the Union and the offer of the County, with the six comparable counties for the two-year period shows as follows:

<u>County</u>	<u>July 1, 2003</u>		<u>July 1, 2004</u>	
	<u>Maintenance</u>	<u>Area Foreman</u>	<u>Maintenance</u>	<u>Area Foreman</u>
Hancock County	\$14.57	\$16.76	\$14.57	\$16.76
Kossuth County				
Palo Alto County				
Pocahontas County	14.14		14.14	
Webster County	16.60		16.60	
<u>Wright County</u>	<u>14.46</u>	<u>15.50</u>	<u>14.46</u>	<u>15.50</u>
Average	14.94	16.11	14.94	16.11
Humboldt County (U)	14.12	14.90	14.40	15.20
Humboldt County (C)	14.04		14.04	

Neither Kossuth County nor Palo Alto County had reached an agreement for their 2003-04 labor agreements at the time of the hearing in Dakota City. Humboldt County did not submit a proposal for the Area Foreman position since it is seeking to remove the position from the bargaining unit.

The average wage increase for the Maintenance position in the comparable counties was 3.3%. It was impossible to compute an increase of the wage rate for the Area Foreman position because the comparable counties had a number of different foremen positions and the 2003 wage data was not submitted for all of them.

Job classification of Area Foreman

There are only two job classifications in the Secondary Roads Department in the 2001-03 Labor Agreement. Currently four Area Foremen supervise the work of fifteen employees in four regions. The County is seeking to declassify the position of Area Foreman. It wants the position to be filled by appointment by the County Engineer rather than bid by the union members.

The County argues that the Area Foreman classification is a supervisory position and should not be included in the bargaining unit. The Union points out that it has been part of the bargaining unit in all past contracts, and that there is no justification offered showing a need for a change in status at this time.

Of the six comparable counties, Hancock, Palo Alto and Wright have comparable positions in their bargaining units. Kossuth, Pocahontas and Webster counties do not have such a bargaining unit position. The three without the position have a work crew foreman who performs essentially the same tasks as Humboldt's Area Foreman. The work crew foreman position is not a classified position under their labor agreements.

Health Insurance

The cost of health insurance is increasing at a rate substantially faster than of the cost of living index in Midwest urban centers. The allocation health care premium's between employers and employees is a contentious issue in most labor agreement negotiations in Iowa as in the rest of the country. Humboldt County is not an exception.

The Union offer is seeking to maintain the status quo, which requires the County to continue to pay the entire premium for both single and family policies. The Union argues that a change of the health insurance contract provision is significant that it should not occur without the employer offering the employees a substantial quid pro quo.

The County is proposing a major alteration in allocating the costs of family coverage. It is seeking to have the employees who have family coverage pay 50% of the difference between the single policy premium and the family policy premium. It is also offering employees with double family coverage a refund of \$182 per month if they provide proof of double coverage. The County offer does not contain any item that could be construed as a quid pro quo.

Currently all of the comparable counties, except for Wright are paying 100% of the single coverage costs. Wright County requires a \$15.00 employee contribution, which is 4.1% of the premium. For 2003-04 contract year, Kossuth County and Palo Alto County have not yet reached agreement. Pocahontas County and Webster County are continuing to pay 100% of the single premium in their 2003 agreements. Wright County is continuing the \$15.00 employee contribution, which will amount to 3.5% of the cost. All comparable counties had substantial increases in their premiums.

The family coverage premium allocation varies among the comparable counties. In 2002 the allocation was as follows:

<u>County</u>	<u>Premium</u>	<u>County %</u>	<u>Employee %</u>	<u>Employee Amt</u>
Hancock	\$765.86	81.7%	18.3%	\$85.64
Kossuth	876.00	100.0%	0.0%	0.00
Palo Alto	876.00	100.0%	0.0%	0.00
Pocahontas	751.00	100.0%	0.0%	0.00
Webster	738.00	71.0%	29.0%	138.00
<u>Wright</u>	<u>683.25</u>	<u>75.0%</u>	<u>25.0%</u>	<u>106.75</u>
Average	781.69	87.9%	12.1%	54.94
Humboldt	806.00	100.0%	0.0%	0.00

The current health insurance plans differ in several other significant respects. Palo Alto, Pocahontas, Webster and Wright Counties have higher deductibles than Humboldt County. Hancock and Kossuth County's deductibles are identical to those in Humboldt.

The Family coverage information for 2003 for the comparable counties is incomplete. Both Palo Alto and Kossuth have not yet reached an agreement. Because those County's paid 100% in the prior year, we assumption will be continued for comparison purposes.

<u>County</u>	<u>Premium</u>	<u>County %</u>	<u>Employee %</u>	<u>Employee Amt</u>
Hancock	\$902.90	81.1%	18.9%	\$101.10
Kossuth		incomplete		
Palo Alto		incomplete		
Pocahontas	885.00	100.0%	0.0%	0.00
Webster	842.50	71.0%	29.0%	159.50
Wright	811.00	75.0%	25.0%	122.00
Average	860.35	88.0%	12.0%	63.77
Humboldt (U)	940.00	100.0%	0.0%	0.00
Humboldt (Co)	920.00	74.0%	26.0%	240.00

Both the Union and the County have submitted insurance plans offered by the Iowa Association of Counties (ISAC). The plans differ slightly as to deductible limits and total cost. The plan proposed by the Union will not be offered after July 1, 2004. The County's proposed plan will continue after that time.

The offer of the Union more closely reflects both the agreements that have been negotiated in the comparable counties and in the past Labor Agreements in Humboldt County.

F. DISCUSSION

According to the 2000 census, the median value of an owner occupied home in Humboldt County was \$71,700. The median value in the entire state of Iowa was \$82,500. 76% of the families in Humboldt County owned their own home, while statewide only 72.3% of residents are homeowners.

In 1999 the median household income in Humboldt County was \$38,201. This amount is slightly lower than the state median household income of \$39,469. Only 8.3% of the households in Humboldt County had an income below the poverty level while 9.1% of the households statewide were below the poverty level.

Humboldt County ranks eighth among the ninety-nine counties in the state taxable valuation per capita. It ranks eighteenth in county property tax per capita.

The Cost of Living Index for Midwest urban areas for the twelve-month period between 2001 and 2002 increased by 1.2%. The US City average for the same twelve-month period was 1.6%.

The cost of Health insurance premiums has increased at a rate far in excess of the Cost of Living Index. Under the offer of the County the cost of premiums for single coverage would increase 16.7%. The Union's offer would increase the same premium costs by 20.7%. The premium increase for family coverage under the Union's offer would increase by 16.7%. The cost of the premium under the County's offer would increase by 14.1% for family coverage.

In the 1981-82 Labor Agreement, the Union and the County agreed that the County would pay the full premium for the health insurance plan. As a quid pro quo, the Union agreed that wages would not be increased that contract year.

Between July 1, 1993 and July 1, 2002 the cost of a premium for single coverage increased from \$193.45 to \$377.00, a 95% increase. During that same period, the premiums for family coverage increased from \$439.80 to \$806.00, an increase of 83%. Health Care costs have increased at such an accelerated rate in the past decade that it is unfair to place the entire burden of the cost on one party. Requiring a 10% contribution from members of the bargaining unit is not unreasonable. It is less than the recommended wage increase.

If parts of the health care costs are shifted to the employees, it would be unfair to deny them a proportional wage increase. The Union gave up a wage increase the year that the County assumed the entire premium cost. A 3.5% and 3% increase would fairly compensate the workers for the change.

G. RECOMMENDATIONS

Wages

The offer of the Union should be accepted, but modified to reflect a 3.5% increase beginning on July 1, 2003 and a 3% increase beginning on July 1, 2004.

Area Foreman

The offer of the Union to continue the position as part of the bargaining unit is recommended. The current contract language should be continued.

Health Insurance

The health insurance plan proposed by the County, ISAC Plan 9 is the preferable plan and is recommended. Because of the ever-increasing costs of health insurance, the recommended allocation premium costs is as follows:

Single Coverage	100% County
Family Coverage	90% County/10% Employee

H. PUBLIC EMPLOYERS OBJECTIONS TO EMPLOYEE ORGANIZATIONS SUBMISSION OF CERTAIN PROPOSALS TO THE FACT-FINDER

The County has objected to certain proposals of the Union for inclusion in the Labor Agreement. With the exception of the Union's proposed change in the language in Article IV, Section 3 (to which the Fact-finder believes the County is in agreement) the language in the current Labor Agreement will be continued, contingent on a final determination of the negotiability issues by the Public Employee Relations Board.



FREDERICK P. KESSLER
Fact-Finder

Dated at Milwaukee, Wisconsin
this 28th day of April, 2003

The undersigned certifies that the foregoing instrument was served upon the parties to this matter by mailing a copy to each of the individuals listed below by first class mail, postage prepaid, on April 28, 2003.

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